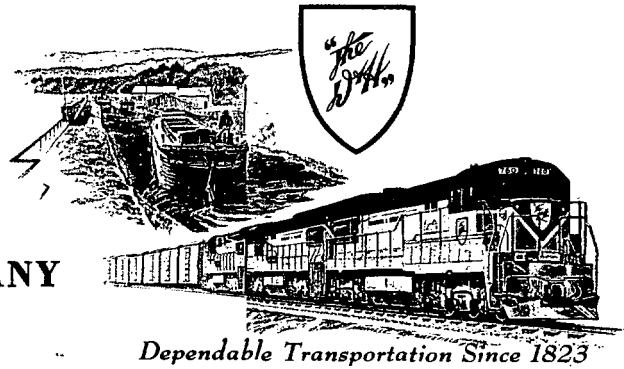


DELAWARE AND HUDSON RAILWAY COMPANY

ALBANY, NEW YORK 12207



13142
RECORDATION NO. Filed 1425

Dependable Transportation Since 1823

D. D. MUIR

Vice President-Finance

JUN 16 1981 - 3 25 PM

June 10, 1981

INTERSTATE COMMERCE COMMISSION

1-167A051

Hon. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

DATE JUN 16 1981
FEE \$ 50.00
ICC Washington, D. C.

RECEIVED
JUN 16 3 17 PM '81
FEE OPERATION BR.
I.C.C.

Attention: Recordation Clerk

Gentlemen:

Pursuant to Title 49 United States Code, Subtitle IV, Section 11303, and Title 49 Code of Federal Regulations, Part 1116, enclosed herewith for recordation is the following original document, together with two (2) certified true copies thereof.

Lease From Pullman Leasing Company to
Delaware and Hudson Railway Company
dated as of May 1, 1981. The railroad
equipment described in said lease is
described as follows:

<u>Description of Cars</u>	<u>Quantity</u>	<u>Car Numbers</u>
50'6" Box Cars with 10" end of car cushioning	148	DH 27200 - 27347 Both inclusive

Enclosed herewith is a check of this Company, to the order of the Interstate Commerce Commission, in the amount of \$50.00 to cover the recording fee.

It is requested that the original document, after recording, be returned to George H. Kleinberger, Corporate Counsel, Delaware and Hudson Railway Company, 40 Beaver Street, Albany, New York 12207.

Very truly yours,

D. D. Muir
Vice President-Finance

Encl.

Interstate Commerce Commission
Washington, D.C. 20423

6/16/81

OFFICE OF THE SECRETARY

D.D. Muir
Vice President Finance
Delaware And Hudson RYW. Co.
Albany, New York 12207

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **6/16/81** at **3:25pm**, and assigned re-recording number(s). **13142**

Sincerely yours,

James H. Bayne
Acting Secretary

Enclosure(s)

JUN 16 1981 - 3 25 PM

This Lease, dated as of May 1, 1981, is by and between Fullman Leasing Company, a corporation organized and existing under and by virtue of the laws of the State of Delaware with an office in Chicago, Illinois (hereinafter called "Lessor"), and Delaware & Hudson Railway Company, a corporation organized and existing under and by virtue of the laws of the State of Delaware with an office in Albany, New York (hereinafter referred to as "Lessee").

In consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessee, Lessor hereby leases the railroad equipment described in the schedule set forth in Exhibit A attached hereto (hereinafter collectively referred to as the "Cars" and separately as a "Car") to Lessee upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF CARS

Lessor will cause each Car to be delivered to Lessee under this Lease F.O.B. Lessor's plant in Bessemer, Alabama; provided, however that Lessor shall not be liable to Lessee for any failure or delay in making delivery of the Cars due to any cause or causes beyond Lessor's reasonable control. Upon such delivery, Lessee will cause an inspector or other authorized representative of Lessee to inspect the same and, if such Car is found to conform to the specifications and to all applicable Department of Transportation and Interstate Commerce Commission requirements and specifications and all standards recommended by the Association of American Railroads interpreted as being applicable to railroad equipment of the character of the Cars as of the date of this Lease and to be in good order and condition and to be marked in accordance with Section 4 hereof, to accept delivery of such Car and execute and deliver to Lessor a Certificate of Acceptance in the form attached hereto as Exhibit B (hereinafter called the Certificate of Acceptance); whereupon such Car shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

SECTION 2. RENTAL

Lessee shall not be obligated to pay any rental for the use of the Cars during the portion of the term of this Lease commencing on the 1st day of June, 1981 and ending on the 30th day of September, 1981. During the portion of the term of this Lease commencing on the 1st day of October, 1981 and ending on the 30th day of September, 1982, Lessee agrees to pay to Lessor a monthly rental of Two Hundred Dollars (\$200.00) for each of the Cars. During the balance of the term of this Lease, as defined in Section 3 hereof, Lessee agrees to pay to Lessor a monthly rental of Three Hundred Ninety-eight Dollars (\$398.00) for each of the Cars. Such rental amounts shall be paid in advance on or before the first day of each month during the respective periods.

SECTION 3. TERM OF LEASE

The term of this Lease as to each Car shall begin on the 1st day of June, 1981 and, subject to the provisions of Section 14 hereof, shall terminate on the 30th day of September, 1996.

SECTION 4. IDENTIFICATION MARKS

Lessor will cause each of the Cars to be numbered with Lessee's identification number set forth in Exhibit A attached hereto prior to delivery to Lessee. Lessee, at its sole cost and expense, will cause each of the Cars to be numbered with such identification number and will keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of such car such appropriate words as may be designated by Lessor with such appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor to such Car and its rights under this Lease. Lessee will replace promptly any of such words that may be removed, defaced or destroyed. Lessee will not change the number of any Car except with the consent of Lessor or as provided in the next succeeding paragraph of this Section 4.

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the cars as a designation that might be interpreted as a claim of ownership. Lessor will cause the Cars to be marked with Lessee's logo for convenience of identification of the right of Lessee to use the Cars under this Lease.

SECTION 5. TAXES

Lessee agrees that, during the term of this Lease, in addition to the rentals herein provided, it will promptly pay all taxes, assessments and other governmental charges, including but not limited to sales or use taxes, levied or assessed upon the Cars or the interest of Lessee in all or any of the Cars or upon the use or operation thereof or the earnings arising therefrom and will promptly pay or reimburse Lessor for all taxes, assessments and other governmental charges levied or assessed against Lessor on account of its ownership of such Cars or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of income or gross receipt taxes on the rentals herein provided except any such tax on rentals which is in substitution for, or relieves Lessee from, the payment of taxes which it would otherwise be obligated to pay or reimburse as hereinbefore provided), including but not limited to any sales or use taxes payable on account of the ownership of the Cars by Lessor or on account of the leasing of the Cars hereunder; but Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, the rights or interests of Lessor will be materially endangered thereby. In the event that any tax reports and/or returns are required to be made covering all or any of the Cars, Lessee shall make such reports and/or returns in such manner as to indicate ownership of such Cars by Lessee for tax purposes only and shall immediately furnish Lessor with copies thereof.

SECTION 6. TARIFF, DUTY, CUSTOMS AND OTHER CHARGES

Lessor will not be responsible for the payment of any tariff, duty, customs, switching, demurrage or other charges made by any governmental, railroad or other agency in respect of any of the Cars except as

specifically provided herein, and Lessee agrees to reimburse Lessor for any such charges that Lessor is hereafter required to pay.

SECTION 7. PAYMENT FOR LOST, DESTROYED OR IRREPARABLY DAMAGED CARS

In the event that any of the Cars shall be lost, destroyed or irreparably damaged from any cause whatsoever during the term of this Lease, Lessee shall promptly and fully inform Lessor thereof. Rental for any of the Cars that are so lost, destroyed or damaged shall cease to accrue on the date that such loss, damage or destruction occurs.

Responsibility for any such loss or destruction of, or damage to, any of the Cars or parts thereof or appurtenances thereto furnished under this Lease shall be as fixed by the then prevailing Code of Rules Governing the Condition of, and Repairs to, Freight and Passenger Cars for the Interchange of Traffic, promulgated by the Association of American Railroads, and said Code of Rules shall establish the rights, obligations and liabilities of Lessor, Lessee, and any railroad subscribing to such Code of Rules and moving the Cars over its lines in respect of all matters to which said Code of Rules relate. In the event that any Car is lost, damaged or destroyed while on the tracks of Lessee, any private track, or on the track of a railroad that does not subscribe to such Code of Rules, or in the event that any Car is damaged or destroyed by any commodity which may be transported or stored in or on such Car, such repairs, renewals or replacements as may be necessary to replace the Car or to place it in good order and repair shall be at the sole cost and expense of Lessee. Lessor and Lessee agree to cooperate with and to assist each other in any reasonable manner requested, but without affecting their respective obligations under this paragraph, to establish proper claims against parties responsible for loss or destruction of or damage to the Cars.

Lessee shall bear the risk of and, except as hereinabove provided in this Section 7, shall not be released from its obligations hereunder in the event any Car shall be damaged after delivery to and acceptance thereof by Lessee hereunder.

In the event that during the term of this Lease the use of any Car shall be requisitioned or any Car shall be taken by any governmental authority under the power of eminent domain or otherwise, on any basis not involving the taking of title to such Car, such requisition or taking shall not terminate this Lease, and each and every obligation of Lessee with respect thereto shall remain in full force and effect. So long as Lessee shall not be in default under this Lease, Lessor shall pay to the Lessee all sums received by Lessor from such governmental authority as compensation for requisition or taking of title or possession of such Car in respect of any period.

Lessor shall have the right but shall not be obligated to substitute, for any Car which shall be lost, destroyed or irreparably damaged, another Car of similar type and capacity. If Lessor shall elect to so substitute another Car, such Car shall be subject to all of the terms and conditions hereof, including but not limited to the payment of rental therefor in accordance with Section 2 hereof, automatically on delivery thereof to Lessee by Lessor.

SECTION 8. ANNUAL REPORTS

Upon the written request of Lessor, but not more often than once in any twelve month period, Lessee will furnish to the Lessor an accurate statement, as at the preceding December 31, (a) showing the description and numbers of the Cars then leased hereunder, the amount, description and numbers of all Cars that may have been lost, destroyed or irreparably damaged since the date as of which the previous statement was furnished (or since the date of delivery of the Cars, in the case of the first such statement), and such other information regarding the condition and state of repair of the Cars as Lessor may reasonably request, and (b) stating that, in the case of any Cars repainted or re-stencilled by Lessee during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced.

Lessor and/or its assignee shall have the right, at its sole cost and expense, by its authorized representatives, to inspect the Cars and Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor and/or its assignee the existence and proper maintenance thereof during the term of this Lease.

SECTION 9. MAINTENANCE, COMPLIANCE WITH LAWS AND RULES, AND INDEMNIFICATION

Lessee agrees that during the term of this Lease, at its own cost and expense, it will maintain and keep each Car that is subject to this Lease in good order and repair, unless or until it shall be lost, destroyed or irreparably damaged in accordance with Section 7 hereof. If Lessor shall receive any payment based on the provisions of the Code of Rules as a result of damage to any Car, excluding, however, any payment received by Lessor as a result of irreparable damage to any of the Cars, Lessor shall promptly thereafter send to Lessee Lessor's check payable to the order of Lessee in an amount equal to such payment to be used by Lessee, together with such additional funds of Lessee as may be required, to fully and completely repair such damage.

Lessee agrees to comply with all Governmental laws, regulations, requirements and rules (including the rules of the Interstate Commerce Commission) with respect to the use, maintenance and operation of each Car subject to this Lease. In case any equipment or appliance on any such Car shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Car in order to comply with such laws, regulations, requirements and rules Lessee agrees to make such changes, additions and replacements, at its expense; and Lessee further agrees to maintain such Car in full compliance with such laws, regulations, requirements and rules so long as it is subject to terms and conditions of this Lease.

Any parts installed or replacements made by Lessee upon any Car shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

Except as provided in Section 10 hereof, Lessee agrees to indemnify and save harmless Lessor against any charge or claim made against Lessor,

and against any expense or liability, (including but not limited to counsel fees and expenses) which Lessor may incur in any manner by reason of its ownership of (other than matters relating to Lessor's title to such Cars or to its corporate existence), or which may arise in any manner out of, in connection with, or as a result of the existence, use or operation of each Car during the term of this Lease, and to indemnify and save harmless Lessor against any claim or suit on account of any occurrence in connection with the operation of such Car resulting in damage to property, including but not limited to commodities loaded or shipped in the Cars, or injury to any person or persons.

Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, to file on behalf of Lessor) any and all reports required to be filed by Lessor with any Federal, State or other regulatory authority by reason of the ownership by Lessor of the Cars or the leasing of the Cars to Lessee or to file same on Lessor's behalf.

SECTION 10. PATENT INDEMNITIES

Lessor agrees to indemnify, protect and hold Lessee harmless from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Lessee or any sublessee or user of the Cars because of the use in or about the construction or operation of the Cars of any design, article or material infringing or claimed to infringe on any United States patent or other right. Lessee shall give notice to Lessor of any claim known to Lessee from which liability may be charged against Lessor hereunder.

SECTION 11. LESSOR'S WARRANTY OF MATERIAL AND WORKMANSHIP

Lessor warrants that at the time of delivery to Lessee the Cars will be free from defects in material and workmanship under normal use and service; Lessor's obligation under this Section 11 is limited to making good at a plant of Pullman Standard, a division of The M.W. Kellogg Company, formerly known as Pullman Incorporated, any part or parts of any Car which shall, within one year after the delivery of such Car to Lessee, be returned to Lessor with transportation charges prepaid and which Lessor's examination shall disclose to its satisfaction to have been thus defective. The foregoing warranty of Lessor is expressly in lieu of all other warranties expressed or implied and of all other obligations or liabilities on the part of Lessor, except for its obligations under Section 1 and Section 10 hereof, and Lessor neither assumes nor authorizes any person to assume for it any other liability in connection with the construction of the Cars, except as aforesaid.

SECTION 12. POSSESSION AND USE

Lessee, so long as it shall not be in default under this Lease, shall be entitled to the possession of the Cars and the use thereof in the United States of America (except Alaska and Hawaii) and the District of Columbia and/or in international service between the United States of America (except Alaska and Hawaii) and the District of Columbia and Canada upon the lines of railroads owned or operated by it either alone

or jointly with another and whether under lease or otherwise, and upon lines of railroads owned or operated by any railroad company controlled by, or under common control with, Lessee, or over which Lessee has trackage rights, and the Cars may be used also upon connecting and other railroads and car ferries in the usual interchange of traffic but only upon the terms and conditions of this Lease. Lessee may sublease all or any number of the Cars for use in the United States of America (except Alaska and Hawaii) and the District of Columbia and/or for use in international service between the United States of America (except Alaska and Hawaii) and the District of Columbia and Canada without securing the consent of Lessor. Any such subleasing of the Cars shall in no way relieve Lessee from any of its obligations to Lessor under this Lease.

2

SECTION 13. RETURN OF CARS UPON EXPIRATION OF TERM

Lessor, at its cost and expense, shall redeliver each Car and each part thereof to Lessor on the date on which the term of this Lease expires with respect to such Car at the place to which Lessor has prepaid freight in accordance with Section 1 hereof or at such other point or points as may be mutually agreed upon by Lessor and Lessee in good order and running condition unless such Car shall have been theretofore lost, destroyed or irreparably damaged. Lessee, at its option, may redeliver any Car to Lessor during the five (5) calendar day period immediately preceding the date on which the term of this Lease with respect to such Car expires. If Lessee shall elect to so redeliver any Car, the rental on such Car shall cease on the date on which such Car is so redelivered to Lessor. Except as otherwise provided in this Section 13, in the event that any Car is not redelivered to Lessor on or before the date on which the term of this Lease with respect to such Car expires, all of the obligations of Lessee under this Lease with respect to such Car shall remain in full force and effect until such Car is redelivered to Lessor, provided, however, that the daily rental for each such Car during such period shall be one and one-half times the pro rata daily rental rate specified in Section 2 hereof unless Lessor and Lessee shall otherwise agree in writing prior to the date on which the term of this Lease with respect to such Car expires.

SECTION 14. DEFAULT

If, during the term of this Lease, one or more of the following events (herein sometimes called Events of Default) shall occur:

- A. Default shall be made in the payment of any part of the rental provided in Section 2 hereof and such default shall continue for 10 days;
- B. Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Cars, or any thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Cars within 30 days after written notice from Lessor to Lessee demanding such cancellation and recovery of possession;

- C. Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessee contained herein and such default shall continue for 30 days after written notice from Lessor to Lessee specifying the default and demanding the same to be remedied; or
- D. Any proceedings shall be commenced by or against Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of Lessee hereunder), and all the obligations of Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for Lessee or for the property of Lessee in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, Lessor, at its option may

- (a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or
- (b) By notice in writing to Lessee terminate this Lease, whereupon all right of Lessee to the use of the Cars shall absolutely cease and determine as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided; and thereupon, Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Cars may be and take possession of all or any of such Cars and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Cars for any purpose whatever; but Lessor shall nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for each Car for any number of days less than a full rental payment period by multiplying the pro rata daily rental specified in Section 2 hereof by the number of such days) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Car, which represents the excess of the present worth, at the time of such termination, of all rentals for such Car which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Car over the then present worth of the then fair rental value of such Car for such period computed by discounting to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Car during such period, such present worth to be

computed in each case on the basis of a 7% per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental. If Lessor exercises the rights granted to it in this paragraph (b), Lessor agrees to use its best efforts to lease such cars to others after taking possession of the cars and to credit such net rental against its damages calculated above.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make the rental payments regardless of any offset or claim which may be asserted by Lessee or on its behalf in connection with the lease of the Cars.

The failure of Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF CARS UPON DEFAULT

If Lessor shall terminate this Lease pursuant to Section 14 hereof, Lessee shall forthwith deliver possession of all Cars then covered by this Lease to Lessor. For the purpose of delivering possession of any Car or Cars to Lessor as above required, the Lessee shall at its own expense and risk (except as hereinafter stated)

- A. Forthwith place such Cars upon such storage tracks as Lessor may designate or, in the absence of such designation, as Lessee may select,
- B. Permit Lessor to store such Cars on such tracks for a period not exceeding two months at the risk of Lessor, and
- C. Transport the same, at any time within such two months' period designated by Lessor, to any place on the lines of Lessee, if Lessee is a railroad, otherwise to any place on the lines of any railroad designated by Lessor for shipment to Lessor.

The redelivery, storage and transporting of the Cars as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to redeliver, store and transport the Cars.

Without in any way limiting the obligation of Lessee under the foregoing provisions of this Section 15, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Car to Lessor, to demand and take possession of such Car in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Car.

SECTION 16. ASSIGNMENTS

Lessee will not sell, assign, transfer or otherwise dispose of its rights under this Lease or, except as provided in Section 12 hereof, transfer the right to possession of any Car without first obtaining the written consent of Lessor.

All or any of the rights, benefits and advantages of Lessor under this Lease, including the right to receive the payments herein provided to be made by Lessee, may be assigned by Lessor and reassigned by any assignee at any time or from time to time. No such assignment shall relieve Lessee of any of its obligations hereunder.

Upon any such assignment, either the assignor or the assignee shall give written notice to Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee, shall by virtue of such assignment acquire all of Lessor's right, title and interest in and to the Cars, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by Lessee of the notification of any such assignment, all payments thereafter to be made by Lessee hereunder shall, to the extent so assigned, be made to or for the account of the assignee in such manner as it may direct.

Lessee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Lease or of all or any of the rights of Lessor hereunder, and for the purpose of inducing such acquisition, that in the event of such transfer or assignment by Lessor as hereinbefore provided the rights of such assignee to the entire unpaid rental or to such part thereof as may be assigned as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Lessor in respect of the Cars or in respect of any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to Lessee by Lessor. Any and all such obligations howsoever arising, shall be and remain enforceable by Lessee against and only against Lessor.

In the event of any such transfer or assignment, or successive transfers or assignments by Lessor, of title to the Cars and of Lessor's rights hereunder in respect thereof, Lessee will, at Lessor's expense, whenever requested by such transferee or assignee, change or cause the change of the markings to be maintained on each side of each Car so as to indicate the title of such transferee or assignee to the Cars, such markings to bear such words or legend as shall be specified by such transferee or assignee.

Nothing in this Section 16 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Cars or possession of the Cars to any corporation (which shall have assumed the obligations hereunder of Lessee) into which it shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

If this Lease shall have been assigned by Lessor and the assignee shall not make payment to Lessor with respect to the Cars as provided in the instrument making such assignment, Lessor will promptly notify Lessee of such event and if such payment shall not have been previously made by the assignee, Lessee, will, not later than ninety (90) days after the date such payment was due, pay or cause to be paid to Lessor the rental then due for such Cars in accordance with Section 2 hereof.

SECTION 17. RECORDING

At the request of Lessor, Lessee will, without expense to Lessor, cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303. Lessee will, at its expense, from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register or re-record whenever required) any and all further instruments required by law or reasonably requested by Lessor, for the purpose of proper protection, to the satisfaction of counsel for Lessor, of its title to the Cars, or for the purpose of carrying out the intention of this Lease; and Lessee will promptly furnish or cause to be furnished to Lessor certificates or other evidences of such filing, registration or recording.

SECTION 18. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder shall result in the obligation on the part of Lessee to pay also an amount equal to the maximum lawful annual rate of interest of the overdue rentals for the period of time during which they are overdue.

SECTION 19. NOTICES

Any notice or demand required or permitted to be given by Lessor or Lessee to the other party shall be deemed to have been given when in writing duly addressed as hereinafter provided and deposited as Certified or Registered Mail, return receipt requested, in the official governmental mail with adequate postage prepaid:

If to the Lessor: Pullman Leasing Company
200 South Michigan Avenue
Chicago, Illinois 60604

If to the Lessee: Delaware & Hudson Railway Company
40 Beaver Street
Albany, New York 12207

or addressed to such other address as Lessor and/or Lessee may hereafter furnish in writing from time to time. Any notice hereunder to any assignee of Lessor or of Lessee shall be deemed to be properly given if delivered or mailed in the foregoing manner to such assignee at such address as may have been furnished in writing to Lessor or Lessee, as the case may be, by such assignee.

SECTION 20. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 21. EXECUTION IN COUNTERPARTS

This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument which shall be sufficiently evidenced by any such original counterpart. Although this Lease is dated as of the date shown in the first paragraph hereof, for convenience, the actual date or dates of execution thereof by the Lessor and Lessee hereto is, or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

SECTION 22. SECTION HEADINGS

All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

SECTION 23. LAW GOVERNING

This Lease shall be construed in accordance with the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred 49 U.S.C. 11303 if this Lease is recorded in accordance with Section 17 hereof.

SECTION 24. EFFECT AND MODIFICATION

This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the Cars and supersedes all other agreements, oral or written, with respect to the Cars. No variation of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, as of the date first above written.

ATTEST:

William C. Eubank
Assistant Secretary

PULLMAN LEASING COMPANY

By Edward J. Whalen
Vice President

ATTEST:

R. T. Murray
Asst. Secretary

DELAWARE & HUDSON RAILWAY
COMPANY

By S. A. Muir

STATE OF ILLINOIS)
COUNTY OF COOK) SS.

On this 27th day of April, 1981, before me personally appeared Edward J. Whalen, to me personally known, who being by me duly sworn says that he is Vice President of Pullman Leasing Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

S. Benstead
Notary Public

My commission expires: 4-27-84

STATE OF NEW YORK)
) SS.
COUNTY OF)

On this 12th day of May, 1981, before me personally appeared D.D. MUIR, to me personally known, who being by me duly sworn says that he is VICE PRESIDENT of Delaware & Hudson Railway Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Stephen La Malfa
Notary Public

My commission expires: March 30, 1983

STEPHEN LAMALFA
Notary Public in the State of New York
Commission Expires March 30, 1983

EXHIBIT A

<u>DESCRIPTION OF CARS</u>	<u>QUANTITY</u>	<u>CAR NUMBERS</u>
50'6" Box Cars with 10" end of car cushioning	148	DH 27200-27347, Both Inclusive

EXHIBIT B

CERTIFICATE OF ACCEPTANCE

The undersigned, being the duly authorized representative of Delaware & Hudson Railway Company (hereinafter referred to as "Lessee") hereby certifies that the following railroad equipment:

50'6" Box cars with 10" end of car cushion numbered
DH 27200-27347, both inclusive

has been delivered in good order and running condition by Pullman Leasing Company (hereinafter referred to as "Lessor"), was inspected and found to be clean, and was accepted by the undersigned on
at Bessemer, Alabama on behalf of Lessee, in accordance with the provisions of the Lease or Railroad Equipment dated as of the 1st day of May, 1981 between Lessor and Lessee.

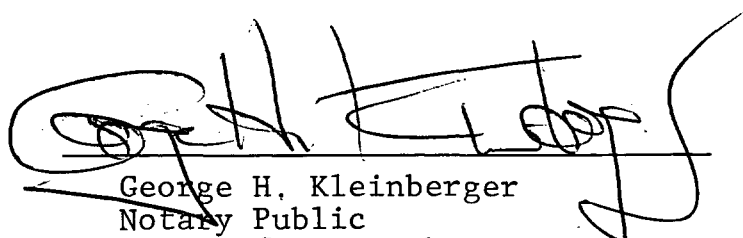
Dated this day of , 19 .

Duly Authorized Representative of
Delaware & Hudson Railway Company

CERTIFICATION

I, GEORGE H. KLEINBERGER, do hereby state
that I am a Notary Public of the State of New York;
that I have compared the attached copy of document
with the original thereof, and that the attached copy
of document is a true and correct copy of the original
in all respects.

Dated: June 10, 1981


George H. Kleinberger
Notary Public
State of New York

GEORGE H. KLEINBERGER
Notary Public, State of New York
Qualified in Albany County
Reg. No. 2144350
Commission Expires March 30, 1984